

U.S. Military Chief Says Navy Is Able To Guard Gulf Ships

WASHINGTON — Admiral William J. Crowe Jr., chairman of the Joint Chiefs of Staff, told the Senate Armed Services Committee on Friday that escorting Kuwait tankers through the Gulf would not be a high risk undertaking even though "there are no absolute guarantees that such an operation will be casualty free."

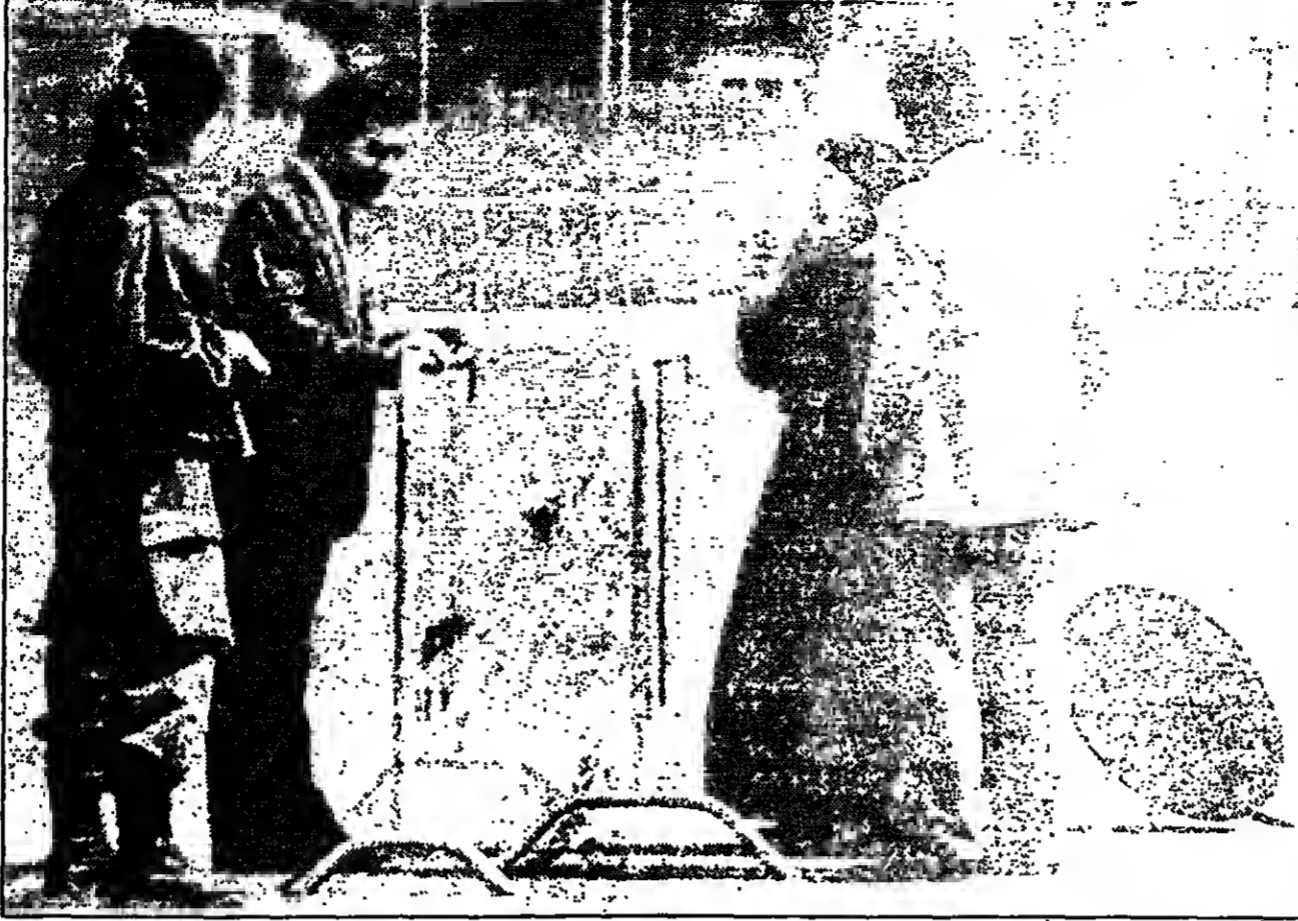
Admiral Crowe urged the lawmakers "not to be stampeded by overly dramatic accounts" of the Gulf war, adding that since the Stark the Iranian "appear to be even more cautious than previously."

He did not elaborate on Iran's caution before the committee went into closed session to discuss U.S. contingency plans for dealing with Iran's Silkworm anti-ship missile and other threats to vessels in the Gulf.

"The Joint Chiefs of Staff believe that we can carry out this mission of having U.S. Navy ships escort 11 Kuwait tankers through the Gulf," Admiral Crowe said. "Of course, there are no absolute guarantees that such an operation will be casualty free or that Iran will not escalate the sea war which will present us with further difficult choices."

"On the other hand," Admiral Crowe said, "we have the capability to keep the oil line to Kuwait open, to assure our Arab friends of our commitment and to keep the risks low."

Flanking Admiral Crowe at the witness table were the chiefs of the army, navy, air force and Marine Corps or their designated representatives.



A nun speaking with U.S. and Italian security guards Friday outside the Villa Condulmer, where Ronald Reagan is staying.

In Venice, Reagan Seeks Leadership Image

By Lou Cannon
Washington Post Service
VENICE — President Ronald Reagan will try to rescue his reputation for leadership at home by showing at the summit meeting here that he can still function as an effective performer on the world stage, according to White House officials.

"It's not morning anymore, but it's not the twilight of the Reagan presidency either," said a White House official. His reference was to Mr. Reagan's 1984 campaign slogan, "It's morning again in America."

Even Mr. Reagan, who is usually optimistic, has made few claims for what is shaping up as a summit meeting of low expectations.

In speeches and conversations with allied leaders, Mr. Reagan plans to speak out on subjects including AIDS and economic freedom. White House officials said he will give particular emphasis to arms control negotiations with the Soviet Union and to allied military cooperation to protect the flow of oil supplies through the Gulf.

Officials have cautioned reporters to expect few genuine accomplishments.

Mr. Reagan is bringing no new economic proposals. He had planned to celebrate the 40th anniversary of the Marshall Plan that rebuilt Europe with a speech in the historic Roman building where the European Community was born. However, the speech and Mr. Reagan's Italian state visit were scrapped after the Italian government collapsed.

White House officials privately acknowledged it was unlikely that either Britain, which was holding elections Thursday, or France would join in a cooperative effort to escort oil tankers through the Gulf. West Germany and Japan are prohibited from undertaking military roles by restrictions in their constitutions.

Both France and Britain now provide naval escorts for their own ships through the Gulf. Mr. Reagan has accepted a deal from the Joint Chiefs of Staff to beef up U.S. naval forces in the region and to use them to escort U.S.-registered Kuwait tankers through the Gulf. After years of urging the allies not to sell arms to Iran, a project known as Operation Staunch, Reagan administration officials will be on the defensive at the Venice meeting because of his own Iran arms deal.

Hakim, Secord Used Iran Fund, Hakim Testifies

WASHINGTON — The business partner of Richard V. Secord testified Friday that the retired air force major general withdrew more than \$113,000 in Iran-contra funds for a Porsche sports car for his own use, a light plane and other items.

General Secord has said in sworn testimony that he took no profits in the secret U.S. sale of arms to Iran and diversion of proceeds to the Nicaraguan rebels, or Contras.

But Albert Hakim, in his third day of testimony before the congressional committees investigating the affair, referred to the arms sales as a "business situation." He said the members of the enterprise, including General Secord, had tried to "maximize our profits" in the final arms sale.

Mr. Hakim said withdrawals totaling \$113,317 had been made by General Secord from bank accounts that included profits from the arms sales to Iran. It was Mr. Hakim who organized the financial details of the arms transactions.

Under questioning from a committee counsel, Arthur Liman, Mr. Hakim said that \$31,817 of the money went for the Porsche, and when asked if the car was for personal use, he replied: "That is the right conclusion."

Mr. Hakim also confirmed that an additional \$52,000 was used to buy a Piper Seneca airplane for General Secord in October 1985.

The testimony also indicated that General Secord and Mr. Hakim used \$250,000 for investments proposed by General Secord, including interests in a machine gun

Hakim, Secord Used Iran Fund, Hakim Testifies

company, a food processing company and to make a lumber deal.

Mr. Hakim said under questioning that he was not prepared to turn over to the U.S. Treasury \$8 million in profits from the arms sale that is still held in Swiss bank accounts.

"It's not a question of doing the heroic thing and passing an acid test," Mr. Hakim said. "It's a business situation and it should be treated as such."

Mr. Hakim also testified that because "we wanted to maximize our profits," the enterprise made a 40 percent profit on its last deal, worth \$2.1 million, in 1986.

In addition, the first detailed summary of arms sales to Adolfo Calero, a top Nicaraguan rebel leader, was released Friday. It showed that the network run by General Secord and Mr. Hakim sold arms to the Contras at markups as high as 60 percent.

The documents included records of transactions in which the Hakim-Secord operation bought the H-500 mortar carrier for \$200,000 each and sold them to Mr. Calero for \$48, and bought rifle ammunition at \$95 per thousand rounds, selling it at \$124.

General Secord has testified that he personally forswore any profits. But he has also said, in an interview, that there was a markup of between 20 percent and 30 percent for the company run by himself and Mr. Hakim because "this was a business, not a philanthropic undertaking."

He said he left the profits under Mr. Hakim's control because he was interested in retaining to the U.S. government and did not want to be tainted by profiteering.

Mr. Hakim testified Wednesday and Thursday that even though General Secord told him last year that he wanted no profits, he held \$1.58 million for General Secord in a separate Swiss bank account because he doubted his partner would return to government.

Senator Warren B. Rudman, Republican of New Hampshire and vice chairman of the Senate panel investigating the affair, said of General Secord and other witnesses: "I always resent people who wrap themselves in the flag while spitting on the constitution. I think that's what's been going on here."

He said he would seek to recall General Secord for further questioning.

In other testimony by Mr. Hakim on Friday:

• He refused to testify about a meeting he had with General Secord and Lieutenant Colonel Oliver L. North on Nov. 24. Mr. Hakim invoked attorney-client privilege because a lawyer, Thomas Green, was present and Mr. Hakim said that Mr. Green was representing him, Colonel North, the central figure in Iran arms affair, was dismissed as a National Security Council aide when it came to light last fall.

Referring to this testimony, Mr. Rudman said that he believed that people, whom he did not name, were orchestrating efforts to block crucial information in the affair.

• Mr. Hakim said that General Secord and other Americans who traveled to Iran with him told the Iranians that the United States would try to depose the president of Tehran's enemy, Iraq. Mr. Hakim also said that during negotiations with Iranians in West Germany, General Secord said "we will fight Russians in Iran in case of

U.S. Reported to Weigh Raids on Iran Missiles

By George C. Wilson
Washington Post Service
WASHINGTON — The Reagan administration is debating whether to strike pre-emptively against Iran's anti-ship missiles if those weapons are deployed at the Strait of Hormuz, according to U.S. officials.

Officials said U.S. intelligence agencies estimate that the "Silkworm" HY-2 anti-ship missile could become operational as early as July 1.

The National Security Council has focused on the missile issue,

U.S. Insurance Companies Planning To Link Coverage to an AIDS Test

By Ronald Sullivan
New York Times Service
NEW YORK — Several of the largest insurance companies in the United States are planning drastic reductions in the amount of life insurance they will offer to anyone who refuses to take blood tests for the AIDS virus.

Underwriting practices call for anyone who tests positive for the virus that causes acquired immune deficiency syndrome to be generally denied life insurance.

According to insurance executives, other life insurers are expected to follow the lead of the top companies, on the assumption within the industry that people

Reagan Speaks on Arms

Mr. Reagan said Friday in Italy that Washington and Moscow were See REAGAN, Page 5

Midway Commemoration

A protester at the bow of the Midway on Friday as it makes its way into Sydney Harbor. The U.S. ship is part of a fleet visiting Australia to commemorate the 45th anniversary of the Battle of Midway, the Pacific turning point of World War II.

Kiosk

French to Expel Terror Suspects
PARIS (Reuters) — French officials will expel 23 of the 57 persons held in police raids this week. Those arrested were suspected of involvement with militant Middle East groups, Interior Ministry sources said Friday.

The French authorities were said to be seeking countries willing to accept the 23, who are of Iranian, Moroccan, Algerian and Lebanese origin. The remaining 34 will probably be released, the sources said.

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Status of Japanese Farmers Erodes

Critics Say Subsidies Drive Up Prices of Food and Land
By Susan Chira
New York Times Service
FURUKAWA, Japan — The bright green rice shoots stand in the flooded paddies of Furukawa; the spring planting is over and in a few months the harvest will begin.

For 13 generations, these tasks have defined the life of the Aonuma family — seeding the rice in nurseries, transplanting the shoots to the fields, celebrating the harvest with festivals drawing young Shinto religious rites. Yoichi Aonuma, 31, sees himself as the upholder of that tradition.

But now he feels under siege, both from abroad and, for the first time, from his own countrymen.

The United States is pressuring Japan to drop import bans on rice and a number of other agricultural products. Agricultural protection is on the agenda for the meeting in Venice of major industrialized democracies.

A growing number of Japanese are joining the foreign critics, saying that subsidies and import restrictions drive up food prices and maintain astronomical land prices that make Japanese housing cramped and expensive.

For Aonuma and other farmers in Furukawa, about 250 miles (400 kilometers) north of Tokyo, the attack is not only on the aid they need to survive. It is, they say, nothing less than an assault on the heart of Japan.

"We work to allow others to eat," he said. "So why should we be criticized? Our country has its roots

Status of Japanese Farmers Erodes

in the farms. Japan has been a nation of farmers."

But now the farmer is being pitted against a new national emblem of hard work and virtue: the salaryman.

The critics say that farmers' privileges come at the expense of their urban countrymen. Farmers earn more money on the average than salaried employees, pay lower taxes, because they are allowed a broader range of deductions, and exercise more political power, because electoral districts are heavily skewed toward the rural vote.

A standard-bearer of this attack has been Kenichi Ohnuma, a managing director of McKinsey & Co. and a well-known economist. Although the percentage of Japanese engaged in farming has dropped to 7.7 percent from more than 50 percent before the war, he asserts, Japanese society and politics have not caught up with this dramatic change.

"Farmers have become exploiters of a system developed 40 years ago when this country was indeed hungry," he said. "They sell a small piece of land and live like kings. They have the right to grow products, they can get subsidies."

"Even if 80 percent of their income is from nonfarm sources, that income can be written off," he added. "Japan's big problem is that we have a lack of prosperity as a whole. It's not lack of land that forces poor living and residential conditions, it's the use of land."

Genji Sato can hardly restrain himself when he bears such accusations. His family, like Mr. Aonuma's, has been farming for 13 generations. See JAPAN, Page 2

Midway Commemoration

A protester at the bow of the Midway on Friday as it makes its way into Sydney Harbor. The U.S. ship is part of a fleet visiting Australia to commemorate the 45th anniversary of the Battle of Midway, the Pacific turning point of World War II.

Long Trek for Sons of North Pole Explorers

By Eugene L. Meyer
Washington Post Service
WASHINGTON — From the frigid villages of northernmost Greenland to the steamy city of Washington they came, a startling and somewhat scandalous footnote to history.

The out-of-wedlock sons of Commander Robert E. Peary, widely credited with leading the first expedition to the North Pole in 1909, and Matthew Henson, his black assistant who may actually have reached the pole first, arrived here this week along with nine of their progeny.

For the two 80-year-old men, Karree Peary and Ahnauqaq Henson, their visit Wednesday to Admiral Peary's grave at Arlington National Cemetery and one scheduled for Friday to Mr. Henson's birthplace in Charles County, Maryland, are milestones in their journey.

They came to Washington by bus from Boston, after their first airplane flight on their first trip away from their Arctic homeland.

While they spoke little English, they looked very much like other tourists, wearing blue jeans, shirts and sport jackets and snapping photographs. Through interpreters of their Eskimo language, they marveled at the highways, the trees and the buildings.

They were honored with a message from President Ronald Reagan and were given a formal reception, complete with a classical string quartet. Mayor Marion S. Barry of Washington proclaimed Wednesday as Matthew Henson Day.

Around an igloo made of ice, the explorers' sons and grandsons drank colas, posed for photographs and signed autographs. Some of the relatives spoke only enough English to say "no" when asked if they spoke English.

Karree Peary, who used to hunt walrus, whale, polar bear and fox back home, said he had never seen so many people, such big roads or such large "igloos."

But not all members of the Peary clan are thrilled with the visit. Edward Stafford, a Peary grandson and retired civil servant who lives on Kent Island, Maryland, said he thought the two explorers' sons were undaunted. At Arlington Cemetery in Virginia, they spoke of their fathers. Mr. Henson said his was "a great hunter, a leader." Mr. Peary called his "a very nice man."

It had been their lifelong dream to visit the land of their fathers, said Dr. S. Allen Counter, associate professor of neuroscience and director of the Harvard Foundation. Dr. Counter partly sponsored the gathering, which he called a "North Pole Family Reunion."

For Dr. Counter, 39, "Henson was simply my hero."

He said he suspected that Mr. Henson, who had no children by his wife, had left a human legacy in the Arctic after learning from Scandinavian colleagues about very dark-skinned Eskimos in northern Greenland.

Last year, Dr. Counter visited the tiny villages where Ahnauqaq Henson and Karree Peary lived. (Their last names were added recently.) The two men had lived to the same village for 15 years before Karree Peary's mother moved 90 miles (145 kilometers) away.

Mr. Henson had met Admiral Peary in 1888 and went with him on every Arctic expedition. Mr. Stafford said Mr. Henson was "a good

Lies and More Lies

Deceit and Enrichment

Two patterns emerge starkly from the Iran-contra hearings: of deception and self-enrichment.

contents that since the money had not arrived — it was sent to the wrong Swiss bank account — he could legitimately deny that it had been raised.

Congress Can't Accept

The testimony of Elliott Abrams was in many respects the most revealing and painful yet heard in the Iran-contra hearings.

was taken on the essentially unrepentant Mr. Abrams by some who questioned him.

The Greenspan Board

Alan Greenspan will take over the chairmanship of the Federal Reserve Board at a time when the board is, by any historical standard, conspicuously weak.

All that has now been reversed. The Reagan appointments have reflected the populism that is always a part of this administration's economics.

Segovia Was Here

"Anyone who desires to survive in vigorous old age," Donald Hanehan, music critic of The New York Times, wrote last year.

did all that and more. There are millions who might not have been introduced to Bach and Scarlatti, Haydn and Mozart if they had not first been introduced to Segovia.

The World Wants Reassurance in Venice

By Kjell-Olof Feldt

STOCKHOLM — The leaders of the seven largest industrial democracies gather in Venice this weekend amid growing uncertainty about the outlook for the world economy.

that the correction of external imbalances should be brought about more by differences in demand growth between countries than by further exchange rate changes.

domestic economic policies in the major countries. Such adjustments are becoming more urgent in view of weakened growth prospects, particularly in Japan and West Germany.

fect on confidence and investment. In Japan, the difficulties in getting the budget through the Diet have created considerable uncertainty.

Americans Learn From Thatcher

By David S. Broder

WASHINGTON — For the last eight years, Britain and the United States have been traveling parallel political paths under Margaret Thatcher and Ronald Reagan.

Gorbachev: Toward a Face-Lift for the Soviet Bloc

By Flora Lewis

MOSCOW — One of the ironies of Mikhail Gorbachev's "openness" and "restructuring" program is the impact on the Soviet bloc.

work out its problems in its own way, although big brother is certainly still biggest. It is not only "new thinking," in the Soviet jargon, that restrains the Soviet leader from pressing the others to reform.

tradition of meetings. This was a clear gibe at the Italians, who are wary of an appearance of renewed subjugation to Moscow.

Peres: Out on a Limb Hawking a Peace Conference

By Dominique Moisi

PARIS — Abba Eban thinks the time is ripe for another Middle East conference. In a column on this page on May 25, the former Israeli foreign minister argued that conditions are optimal for a negotiation that he sees as the only alternative to a disastrous and explosive deadlock.

brought about a cold but stable peace between Israel and Egypt, the road to peace in the Middle East has resembled a graveyard of aborted peace plans.

Immersed in arms control negotiations with the Soviets and already in a pre-election climate, the United States will do little more than give benign support to Mr. Peres's initiatives.

clearly not a priority for the Kremlin. Is the regional context more favorable than the international one? Egypt longs for peace, but there are no other Egyptians in the Arab world.

Soviet-Israeli Relations Are Overdue

By Gideon Rafael

JERUSALEM — Syria's President Hafez al-Assad recently revisited Moscow after an interval of two years. The pomp was the same but the circumstances were different.

The writer is a former director general of the Israel Foreign Ministry. He served as permanent representative to the United Nations and as ambassador to a number of countries, and is the author of "Destiny Peace: Three Decades of Israeli Foreign Policy."

Israel. It denigrated the treaty at the time. And Mr. Gorbachev's recent statement reaffirmed that the "Soviet Union will oppose it in the future, as in the past, any separate deal."

Israelis have a serious problem of political leadership. Small Israel had a great statesman, David Ben-Gurion. "Great" Israel has known only stalled politicians.

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IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Derby Surprise

EPSON — Mr. W. Raphael's gray filly Tagalia, ridden by Johnny Reff, the American jockey, won the Derby (on June 5) by four lengths in a common center from Mr. L. Neumann's Jaeger and Mr. August Belmont's Tracey.

1937: Rocket Travel

WORCESTER, Massachusetts — The importance of experiments with rockets in relation to aerial travel was dealt with in a letter from Colonel Charles A. Lindbergh which was read today at the graduation ceremonies of Clark University.

Canada Plans Ambitious Buildup of Its Military

The Associated Press OTTAWA — Canada, declaring its armed forces in danger of "rust out" after decades of neglect, announced Friday an ambitious military buildup...

General Paul Manson, chief of the defense staff, said the military got everything it wanted in the nation's first comprehensive military review in 16 years.

The plan calls for creation of a "three-ocean navy" with a balance between nuclear-powered submarines, surface vessels and patrol aircraft.

The submarines, estimated to cost \$300 million to \$375 million each, would be delivered from 1996 to 2010, Mr. Manson said.

Military officials have said that French Rubis-class and British Trafalgar-class subs are the leading contenders but that about 65 percent of the work would be done in Canada.

The white paper also disclosed plans to develop sonar systems for under-ice surveillance in the Arctic, and research into space surveillance against missile attack.

Canada will establish its first military base in the High Arctic, and increase its armed forces reserves from 51,000 to 90,000.

The nuclear submarines would carry conventional weapons in line with Canada's non-nuclear policy, but only nuclear propulsion will enable them to patrol under the ice for long periods.

The document stressed a Soviet military threat in the north and U.S. refusal to acknowledge Canada's claim to sovereignty over the Northwest Passage.



The descendants of Robert E. Peary and Matthew Henson laying a wreath on Wednesday at Admiral Peary's gravesite in Arlington National Cemetery in Virginia.

Dr. S. Allen Coulter, to the right of the wreath, organized the event.

PEARY: For Descendants of North Pole Explorers, a Long Trek From Home

(Continued from Page 1)

main, a loyal and competent assistant, originally hired as a servant, but rose above that," Dr. Coulter described Mr. Henson as the "co-discoverer" of the North Pole.

Dr. Coulter said that Mr. Henson, who was

single when he fathered Ahnaukaq, shared his secret with close friends. Both men saw their children on a subsequent expedition, but thereafter never wrote or maintained contact, Dr. Coulter said.

In contrast to the mixed reaction from other

Peary descendants, members of the Henson family have been uniformly enthusiastic about the visit, Dr. Coulter said. Some American relatives of Mr. Henson were on hand in Arlington on Wednesday, but none of Mr. Peary's American descendants were present.

MISSILES: U.S. Is Reported to Weigh Raids Against Missiles in Iran

(Continued from Page 1)

time before the missiles could target vessels passing through the Strait of Hormuz, which is 30 miles (50 kilometers) wide at its narrowest point.

The United States plans to put 11 Kuwait tankers under the American flag, and these tankers, plus their escorting U.S. warships, could be easy marks for the missiles, sources said.

The missile is credited with a range of 50 miles and a warhead that carries the equivalent of 1,100 pounds (500 kilograms) of TNT. The warhead of the Exocet missile that disabled the U.S. frigate Stark on May 17 carried the equivalent of 350 pounds of TNT.

There is still some debate within the intelligence community on how many missiles Iran has bought from China, sources said. The rough estimate, they said, is that at least one will be ready around July

and three or four more could be deployed later.

Sources said the scenes debate within the administration was swirling around four main scenarios, each with advocates in the White House, Pentagon and State Department:

• Warn Iran through diplomatic channels not to deploy the missile, and hold off on any U.S. military action while Tehran weighs the request.

• Prepare a pre-emptive strike by bombers or U.S. Navy jets and unleash it as soon as there is evidence that the ground-based, mobile missile is deployed against shipping in the Gulf.

• Allow the missile to become operational, on the theory that Iran has the right to deploy the missile as a combatant in the Iran-Iraq war, but plan to attack it at the first sign it is about to be fired at a ship flying the U.S. flag.

• Hold back from any pre-emptive action and rely on electronic jamming and other countermeasures, including putting up false targets and destroying the missile in flight.

One question threading through the administration debate, officials said, is whether the United States would violate international law by launching a pre-emptive strike against the missiles.

One interpretation, sources said, is that such a strike would be in the nature of self-defense while another is that it would amount to the United States attacking a sovereign power at the time the Reagan administration is declaring itself neutral in the Iran-Iraq war.

Robert B. Sims, the assistant secretary of defense for public affairs, answered "absolutely" when asked at his news briefing this week whether the United States would be living up to its neutrality pledge once it starts escorting tankers operated by Kuwait, a country that has supported Iraq in the war.

"The fact is," he said, "Kuwait is not a belligerent in the war. The war is between Iran and Iraq. The Kuwaitis asked for protection for these 11 tankers. We agreed to do that. They asked that they be reflagged. That's in the process of happening."

He said the ships, once they carry the U.S. flag, would be entitled to protection like any other ship "that's under the U.S. flag, and they'll be paying U.S. taxes."

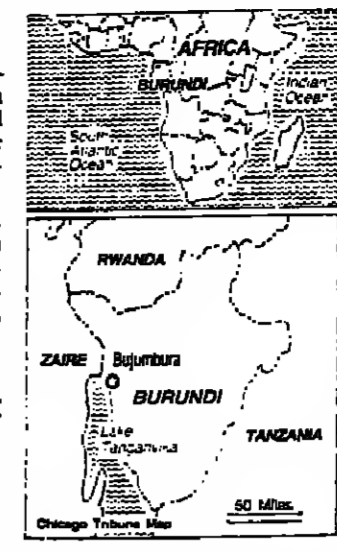
2 Senators Discuss a Raid

Two senators who recently returned from the Gulf said Friday that the United States might have

The Long and Short of Burundi's Woes

Black Majority Tribe Is Dominated by Black Minority

By James Brooke New York Times Staff Writer



BURUNDI, Burundi — There is a land in Africa where an ethnic minority relies on rigged elections, press censorship, police violence and bans on public meetings to stave off majority rule.

The ruling minority bristles at external pressure — whether from Pope John Paul II, Western governments or foreign journalists. Officials complain that their country is a victim of an "international disinformation campaign."

Small, landlocked and lacking strategic minerals, Burundi is little known to the outside world. Diplomats here suggest another reason for its relative obscurity: Burundi's ethnic drama is not played out in black and white.

In anatomical shorthand, Burundi's tall people dominate Burundi's short people.

The ruling minority are Tutsis, descendants of herdsmen from northern Africa. They account for 15 percent of the country's five million inhabitants.

The ruled majority, Hutus, are generally peasant farmers of southern African Bantu stock, who account for 85 percent of the population.

In July, Burundi will mark 25 years of independence from Belgium — and 25 years of Tutsi rule. Burundi's president, three-quarters of his cabinet, three-quarters of the National Assembly, about two-thirds of the university students, 13 of 15 provincial governors, all the army officers and 96 percent of the enlisted soldiers are Tutsi.

Officials reject an ethnic analysis of their nation.

"It could happen that there is more of one ethnic group than another, but that should disappear," said Emile Mwaroha, secretary-general of Burundi's sole political party, in an interview. "We don't believe in ethnic labels. If you are a Hutu, if you are Tutsi, what is important is you are Burundi."

Defenders note that the government has abolished ethnic labels on national identity cards and that there is substantial intermarriage between the two groups, which speak the same language, Kirundi. They also note that in the last election, in 1984, President Jean-Baptiste Bagaza received support that crossed ethnic lines, winning 94.62 percent of the vote.

Critics say Burundi's tightly controlled political system masks deep ethnic divisions.

Several times in the 1960s, Hutus made abortive bids to win majority rule. In the last outbreak, in 1972, they killed 2,000 Tutsis, slaying some of the taller people by cutting off their legs.

In revenge, Tutsi policemen and party youths slaughtered about 5 percent of the Hutus — roughly 150,000 people — including much of the educated Hutu elite.

Cowed by this experience, Hutus have stopped raising the issue of majority rule.

But in what Western diplomats see as a reflection of the minority government's deep sense of insecurity, the authorities have sharpened what appears to be a campaign to destroy Burundi's Roman Catholic Church.

The campaign, taking place in a nation that is 65-percent Catholic, includes a series of measures that exports leave Kuwait either in Kuwait-chartered foreign tankers or ships chartered by its overseas customers.

Kuwait and other Arab countries of the Gulf are so dependent on food imports that Iranian attacks on cargo ships could have a devastating impact on their economies. Following an Iranian attack on the Corredale Express on April 15, for example, thousands of sheep on board were lost and the price of mutton rose so sharply that the Kuwaiti government intervened.

If the U.S.-flagged tankers handle as much as 30 percent of Kuwait's crude exports, the sources said, they would be assigned the shuttle run between Kuwait and Khawr Fakkan, outside the Strait of Hormuz in the Gulf of Oman.

REAGAN: In Venice, President Seeks to Repair Image

(Continued from Page 1) close to reaching an agreement to dismantle hundreds of nuclear missiles in Europe and Asia that is "very much in our interest and on our terms," The Associated Press reported from Venice.

"We're not there yet, of course; some hard questions remain," Mr. Reagan said in a televised address broadcast to Europe by the U.S. Information Agency. "But the prospects are good."

The speech was a further indication that Mr. Reagan is laying the groundwork for an endorsement of the disarmament plan for medium-range and short-range missiles at the summit meeting.

The president taped the speech at the country villa where he is staying outside Venice. It was relayed by satellite back to Washington and then broadcast throughout Europe.

Mr. Reagan, noting that he had been the target of peace demonstrators in Europe, said: "How I wanted to let them know that my heart was with them, that I too yearned for a day when mankind could live free of the terror of nuclear annihilation. But the task wasn't as easy as simply signing a treaty."

He said that he had to make sure a treaty was verifiable and would reduce arms while not letting either

side be outmatched and vulnerable. While touting the proposed U.S.-Soviet agreement, Mr. Reagan noted that it would have a cost.

"Indeed, given the Soviet superiority in chemical and conventional weapons, he said, "we must improve our conventional defense capabilities, difficult and expensive as that might be."

Mr. Reagan pledged: "The United States will not waiver in our commitment to the defense of Europe. We will sustain the credibility of NATO's doctrine of flexible response, which has served us well and remains the center" of North Atlantic Treaty Organization strategy.

two senators who recently returned from the Gulf said Friday that the United States might have

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INSURE: AIDS Tests Plan (Continued from Page 1) Dr. Paul Ehrlich, senior vice president and medical director of the Metropolitan Life Insurance Co., the second-largest life insurer, said, "We are in the process of reviewing our current threshold, and it is quite possible that it will be lowered."

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Herald Tribune BUSINESS/FINANCE

ECONOMIC SCENE The Marshall Plan: Would The Effort Be Made Today?

By LEONARD SILK New York Times Service NEW YORK — A few days before President Ronald Reagan took off for Venice this week, he spoke in the East Room of the White House in honor of the memory of George C. Marshall on the 40th anniversary of the Marshall Plan.

Reagan appeared to be making up for McCarthy's assault on the general as a virtual traitor. As long as the budgetary pie was expanding, they note, it was possible to put together a coalition in Congress to support foreign aid.

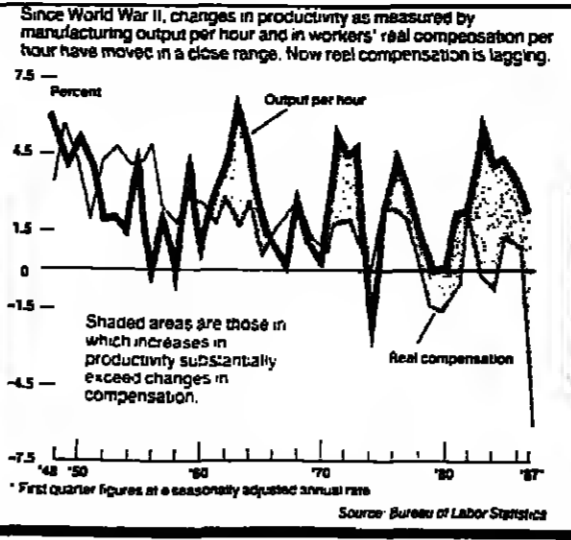
ICI to Buy Stauffer Chemical Unilever to Get \$1.69 Billion

By Warren Getler International Herald Tribune LONDON — Imperial Chemical Industries PLC said Friday that it had agreed to buy the Stauffer Chemical Co. subsidiary of Unilever PLC, the food and chemical giant, for \$1.69 billion.

Stauffler, with activities in and outside of the United States, is the largest Chesebrough unit sold by Unilever so far, others sold have raised almost \$100 million. Prince, a sports product manufacturer, and the Bass shoe company are also to be sold.

Wages of Productivity: Pretty Low Many in U.S. Find That Working Harder Pays Less

By Louis Uchitelle New York Times Service LAWTON, Oklahoma — It used to take Gary Adair four hours or more to retape the computerized machines that make some tires so they could make ones of different sizes.



Workers are still receiving small cost-of-living raises, but even these may be challenged now that inflation is accelerating. The hourly compensation of American manufacturing workers, adjusted for inflation, rose an average of only eight-tenths of a percent annually from 1981 through 1986.

U.S. Jobless Rate Steadies at 6.3% After April Drop

The Associated Press WASHINGTON — The U.S. unemployment rate remained at the decade's low of 6.3 percent in May for the second consecutive month, the government said Friday.

The May payroll gains were essentially limited to the service side of the economy. Employment in hospital and business services, such as data processing, accounted for more than one-third of the gains. The jobless rate fell by a dramatic 0.3 percentage point in April.

Currency Rates

Table of currency rates for various countries including Argentina, Australia, Austria, Belgium, Brazil, Canada, Denmark, and the Dollar. Columns include currency type, rate, and other financial indicators.

Warrant Issued for Broker Who Flew After VW Fraud

By Ferdinand Protzman International Herald Tribune FRANKFURT — The West German authorities have issued an international arrest warrant for Joachim Schmidt, a former foreign exchange broker suspected of masterminding the currency trading scandal at Volkswagen AG.

Airbus Program For 2 Jets Gets Formal Launch

Reuters PARIS — The four-nation Airbus consortium formally launched a program Friday to build a new generation of airliners that it hopes will break the hold of U.S. manufacturers on the long-haul market.

Claiming German Support, Europeans Fight Japan Car Inflow

By Jacques Neher Special to the Herald Tribune PARIS — Europe's auto manufacturers, faced with a sharp upturn in Japanese exports to the Common Market, have begun pushing the Community for a tough political response.

Interest Rates

Table of interest rates for Eurocurrency deposits and key money rates. Columns include deposit type, rate, and source.

Avon to Sell 40% of Japan Subsidiary

Reuters NEW YORK — Avon Products said Friday that its board had approved plans for an initial public offering to Japanese investors of up to 40 percent of its Japanese beauty products subsidiary.

Gold

Table of gold prices in various currencies including Hong Kong, Luxembourg, Paris, London, and New York. Columns include price and source.

U.S. Money Market Funds

Table of U.S. money market funds including Merrill Lynch Ready Assets, 30-day average yield, and Treasury Inflation-Protected Securities.

Key Money Rates

Table of key money rates for various currencies and instruments like 1-month CD's, 3-month CD's, and 6-month CD's.

Asian Dollar Deposits

Table of Asian dollar deposits for 1, 3, 6, and 12 months across different regions.

West Germany

Table of West German interest rates for discount, lombard, overnight, and various term deposits.

Japan

Table of Japanese interest rates for call money, 1-month, 3-month, and 6-month instruments.

France

Table of French interest rates for call money, 1-month, 3-month, and 6-month instruments.

Investors Diversified Services

Text regarding investment services, mentioning TEAMCO NV and its performance in 1986.

EXPORT DEVELOPMENT CORPORATION

Notice to note holders of Export Development Corporation bonds, including details on interest payments and coupon collection.

Friday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trading elsewhere.

Table with columns: 12 Month High Low Stock, Chg. Yr. PE, 52 Wk High Low, Close, Open, High, Low, Close, Chg. Includes various stock listings.

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Taiwan Bank Chief Urges U.S. To Ease Its Demands on Trade

TAIPEI — The central bank governor said Friday that the government had done much to satisfy U.S. demands for economic liberalization and that Washington should not ask for further steps to reduce Taiwan's trade surplus.

The governor, Chang Chi-cheng, said at a news conference that Taiwan had opened its markets by lowering trade barriers, allowed its currency to appreciate against the U.S. dollar and boosted its imports of U.S. goods.

"We have tried our best to satisfy the United States and it should not pressure us any more," he said.

The cabinet agreed Thursday to cut import tariffs on 331 items by an average of 32 percent. Tariffs on 2,562 other products were slashed by up to 50 percent earlier this year in an effort directed mainly at reducing Taiwan's trade surplus with the United States.

The bilateral surplus reached \$4.98 billion in the first four months of this year, compared with \$3.86 billion in the year-earlier period.

Company Results

Table with columns: Company, Revenue, Profit, Per Share. Includes entries for British, United States, and Japan.

South Korean Car Exports Rose 137% in May From Year Earlier

SEOUL — Sparked by strong sales in the United States and Canada, South Korean automobile exports soared to 61,400 in May, up 137 percent from May 1986, officials said Friday.

Exports for the first five months of the year totaled 184,800, 63.6 percent above the 1986 period, when 112,900 cars were shipped.

South Korea's top automaker, Hyundai, exported 45,300 automobiles last month, while Daewoo shipped 10,800 and Kia shipped 5,300. The three plan to export 650,000 cars this year.

IF YOU GET A KICK OUT OF SOCCER, READ ROB HUGHES WEDNESDAYS IN THE IHT

Advertisement for Rob Hughes' column 'IF YOU GET A KICK OUT OF SOCCER, READ ROB HUGHES WEDNESDAYS IN THE IHT'.

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CURRENCY MARKETS

Dollar Mixed in Thin N.Y. Trading

NEW YORK — The dollar closed mixed Friday in New York in extremely light trading, with market participants reluctant to take new positions ahead of the economic summit meeting that begins Monday in Venice.

London Dollar Rates

Table with columns for currency type (Deutsche mark, Swiss franc, French franc) and rates.

"If nothing comes out of the summit, some dollar selling could follow," the trader said. "However, if they don't sell off right after the summit, the dollar could get a momentary boost."

Shanghai Opens Money Market

BEIJING — Shanghai has opened its first money market. The China Daily said Friday it quoted Zuo Zishi, vice president of the Shanghai branch of the People's Bank of China, as saying the market involves more than 70 local banks and other financial institutions.

WAGES: U.S. Factories Stop Rewarding Workers for Productivity Gains

(Continued from first finance page) that reduce labor costs at individual factories. These deals have weakened unions' bargaining power.

In place of healthy wage increases, union officials are increasingly demanding more job security as the reward for higher productivity. But with the exception of the auto industry, manufacturers acknowledge that they are stopping short of formal guarantees.

There are plenty of assurances along the line that if you work hard and make sacrifices, you'll keep your job," said John Zalusky, an AFL-CIO economist. "I think it is really disheartening how often that pledge has been broken."

That will occur only when manufacturing employment stops shrinking, which might not occur soon, said Sar Levitan, a labor economist at George Washington University.

Friday's AMEX Closing. Tables include the notewise prices up to the closing on Wall Street.

Table with multiple columns showing market data, likely related to the AMEX closing or other financial metrics.

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INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 5th June 1987

Large table listing various international funds with columns for fund name, currency, and other details.

Other Funds

Table listing other funds, including domestic and international options, with columns for fund name and details.

Be sure that your fund is listed in this space daily. Telex Matthew GREENE at 613595F for further information.

BUSINESS ROUNDUP

Toshiba to Build Computers in U.S.

TOKYO — Toshiba Corp., the Japanese electronics firm, said Friday that it plans to build portable personal computers in the United States and bolster its sales of office automation equipment in Italy.

Toshiba has been exporting laptop computers since January 1986 at a rate of 10,000 units per month. Local production is designed to meet growing demand in the United States for compact machines and help ease trade friction between Japan and the United States, the company said.

The Irvine facility opened last month to produce push-button telephones and medical electronic equipment.

Toshiba also said it had established a wholly owned subsidiary in Italy to promote sales of its office automation equipment and European service to customers in Europe's four largest office automation markets.

Sales of office automation equipment in Italy account for about 15 percent of Toshiba's turnover in Europe.

The new company, Toshiba Information Systems (Italia) SpA, based in Milan, will employ about 70 local personnel in the initial stage of operations. It expects sales of \$24 million this year.

The new company will sell plain-paper copiers and facsimile machines, some of which will be manufactured at Toshiba's joint venture in France, company officials said.

Toshiba previously marketed office automation equipment in Italy through its wholly owned West German subsidiary, Toshiba Europa GmbH.

The new venture, capitalized at \$2.1 million, is the company's fourth subsidiary in Europe, following those in West Germany, Britain and France.

Allegis Shares Rise Sharply on Pilots' Proposal

NEW YORK — Stock of Allegis Corp. rose sharply Friday after a proposal from the pilots' union of United Airlines asking the management of Allegis Corp., United's parent company, to spin off its rental and hotel divisions and turn the airline over to United's employees.

Under the plan, Allegis shareholders would keep a 20 percent interest in the restructured company.

In trading Friday on the New York Stock Exchange, Allegis stock climbed \$2.75 per share to close at \$89.875.

The union said Thursday that two British financiers, David and Frederick Barclay, were willing to acquire Hilton International Co. for \$1 billion.

Under its plan, the union said stockholders would receive at least \$70 a share, for a total of about \$4.1 billion.

BUSINESS PEOPLE

Sanford Named Bankers Trust Chief

By Arthur Higher International Herald Tribune

Charles S. Sanford Jr., who played a major role in turning Bankers Trust New York Corp. into one of the most profitable U.S. banking groups, has been named chairman and chief executive of the company and of its subsidiary, Bankers Trust Co.

The appointment, announced Thursday, is effective next month, when Alfred Britain 3d, the current chairman and chief executive, reaches the mandatory retirement age of 65.

Mr. Sanford, 50, who spent many years in the bank's bond trading department, has been in the apparent since 1983, when he was named president of the bank. A year ago he was named deputy chairman.

The New York Times reported that Mr. Sanford's bond trading experience which resembles investment banking more than commercial banking, fired snugly into the strategy that was laid out in the late 1970s by Mr. Britain, who had taken over as chairman in 1975. At that time, Bankers Trust was reeling from large loan losses, mainly

to the real estate industry. Mr. Britain sought to strengthen the bank by switching from consumer banking to dealing with major corporations and governments.

Allegheny International Inc. of Pittsburgh, the financially harassed consumer products company, said three high executives have resigned: Anthony D. Shanagher, executive vice president and chief financial officer; F. George Scott, senior vice president for human resources; and F. Fredrick Babb, vice president and treasurer. All three had served under the chairman, Robert J. Buckley, who had been dismissed earlier.

"They were not forced out," a company spokesman said. "It was mutual agreement. The company is downsizing, and that was part of it." Allegheny lost \$154 million last year and \$38 million in the first quarter this year. It faces a July 15 deadline for renegotiating \$335 million in loans that originally were due in April.

Allegheny International promoted Samuel Lapalucci from senior staff vice president for planning to treasurer. K. Wayne Long from controller of consumer businesses

to corporate vice president for accounting and control, and Donald Hike from vice president for personnel in North American consumer businesses to corporate vice president for human resources.

Citicorp, the biggest U.S. banking group, has recruited John B. Fraser as a managing director in the mergers and acquisitions department of its Citicorp Investment Bank. Mr. Fraser, 52, had been president of Morgan Grenfell Inc., the New York-based subsidiary of the British merchant bank. Keith R. Harris, 34, succeeds Mr. Fraser at Morgan Grenfell.

Wedtech Corp., the New York-based military contractor allegedly involved in an influence-buying scandal, has recruited Raymond Lawton as chief executive officer. Mr. Lawton, 59, had been chairman of Keuffel & Esser of Parsippany, New Jersey, a design-drafting equipment company which was restored to profitability under his leadership. The Wedtech president,

Jardine Names American CEO

International Herald Tribune

Jardine Matheson Holdings Ltd., the Hong Kong-based international conglomerate, has named Brian M. Powers as its first American chief executive of the 155-year-old company.

Mr. Powers, 37, is to succeed Simon Keswick as managing director. Mr. Keswick, 45, a Briton, is to remain chairman.

The appointment reflects the increasing presence of Americans in Hong Kong. Local newspapers say that, excluding the military, Americans now outnumber Britons there.

Joseph Felter, said the appointment is a continuation of the restructuring of top management that began in January shortly after the company filed for Chapter 11 protection under the federal bankruptcy code.

Swedish Stock Exchange Fines 3 Firms for Disclosure Errors

By Juris Kaza International Herald Tribune

STOCKHOLM — Sweden's stock exchange is cracking down on companies for failing to provide timely financial information.

The Stockholm Stock Exchange imposed fines late Thursday totaling nearly 710,000 kronor (\$112,000) on three major Swedish corporations for delaying or failing to properly deliver financial information to the market.

The exchange, in unanimous board decisions, imposed the fines on Alfa-Laval AB, Saab-Scania AB and Flakt AB, a unit of ASEA AB.

The single largest fine, 457,758 kronor, was imposed on Saab-Scania for a delay in reporting an earnings forecast. The fines reflected a charge based on each company's annual registration fee, which is based on the corporation's capitalization rather than on the seriousness of the offense.

Alfa-Laval, which makes engineering and food equipment, was fined 141,067 kronor for failing to file its 1986 annual report to the exchange at the same time it was given under embargo, to journalists. Flakt, a maker of air conditioners, was fined 105,000 kronor for failing immediately to report information about the appreciation of real estate holdings in Japan. The information was mentioned in passing in the ASEA annual report.

Kai Hammerich, a senior vice president of Saab-Scania and the chief spokesman, said "the exchange was overreacting" by punishing the company for a delay of some hours in reporting an earnings forecast to the exchange.

The forecast, which was recent in more specific terms at the last minute by Saab-Scania officials, was made by the group's president, Georg Karslund, to the company's May 7 annual meeting. The news was not presented to the exchange until some time after Mr. Karslund addressed the meeting.

"There's definitely a firmer attitude," said Haakon Holmberg, a broker with Consensus Fondkommission, a securities trader in Stockholm. "They really want to stress that these rules about information have to be taken seriously and they are making some examples."

Another corporate executive, who did not want to be quoted by name, said "they are shooting at everything that moves." He added that exchange officials may have been stung by foreign criticism of Swedish regulatory standards and "now, they want to make an example as soon as they get a chance."

The exchange's president, Bengt Ryden, said that "forecasts and information about 'hidden reserves' that is of more than minor significance must be delivered as soon as the decision to publish it is made, for instance, in a press release on the corporate accounts or a separate statement, and not, for the first time, when the annual report is printed."

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COMPANY NOTES

Allied-Signal Inc.'s Bendix unit and Jidosha Kiki Co. of Japan have agreed to create a joint venture in Gallatin, Tennessee, to make vacuum power brake boosters. The new company, Bendix-Jidosha Kiki Corp., is to produce and sell brake boosters for cars and light trucks built in North America by Japanese and South Korean producers.

Business Day, one of Manila's most highly regarded newspapers for 20 years, announced its closure after suffering labor problems in recent months.

Chertron Corp. announced that it has agreed to sell its Caribbean Gulf refining subsidiary for \$100 million to Gad Zeevi, an Israeli businessman.

General Electric Co.'s General Electric Financial Services unit is to give its Kidder Peabody & Co. unit \$100 million in subordinated debt capital. Kidder, 80 percent-owned by General Electric, has settled Securities and Exchange Commission insider trading charges by agreeing to pay \$25 million.

Gerber Products Co. said the management of CWT Inc., its trucking subsidiary, had offered to buy CWT. It said acceptance of the agreement depended on CWT management's obtain-

financing for its leveraged buyout offer.

Healthdyne Inc. said it has agreed to a Securities and Exchange Commission consent decree, ending a three-year SEC investigation of the company. The company said, without admitting or denying wrongdoing, it has agreed to comply with the reporting and record-keeping provisions of the Securities Exchange Act of 1934 and with provisions of the Securities Act of 1933 relating to securities sales. Healthdyne makes electronic medical equipment.

ICN Pharmaceuticals Inc. of California, which makes a drug it says may be effective against AIDS, has filed a \$600 million lawsuit against Gilford Securities Inc. of New York, a brokerage firm it accuses of illegally depressing the value of its stock. The suit accused Gilford of a New York-based brokerage, of selling ICN stock short in expectation that it would drop in price and of taking allegedly illegal actions to ensure the stock's decline.

Kobe Steel Ltd. plans to close its Amagasaki No. 1 blast furnace by the end of September, a company spokesman said.

Kraft Inc. has agreed to acquire All American Gourmet, a maker of budget frozen meals, for \$296 million. In the transaction, Kraft is to buy

about 6.8 million shares of All American Gourmet now owned by General Host Corp. but held in escrow for a \$110 million exchangeable note and 5.5 million shares not in escrow. General Host owns about 75 percent of All American's 16.4 million shares outstanding.

Mitsubishi Electric Corp. reported that profit for the year ended March 31 fell 65 percent to 10.6 billion yen (\$73.4 million), or 5.49 yen a share. Before taxes, earnings fell 47 percent to 38.18 billion yen. Sales were about flat at 2.108 trillion yen.

Primerica Corp., formerly American Can Co., said plans for a listing for its shares on the London Stock Exchange scheduled for Thursday have been delayed by its agreement to acquire Smith Barney Inc., an American brokerage.

Samjens Acquisition Corp., a partnership formed by the investor Asher B. Edelman and Dominion Textiles Inc., has been temporarily barred by a judge from carrying out its \$2.47 billion offer for Burlington Industries Inc. or buying its stock. Burlington, which has accepted a \$2.07 billion bid by a group led by Morgan Stanley & Co., sued Samjens to halt its offer.

Euro-Commercial Paper

Table with columns for Issuer, Maturity, and Bid/Ask prices for Euro-Commercial Paper across various maturities (15-45 days, 46-75 days, 76-105 days, 106-133 days, 134-165 days, 166-183 days).

Friday's OTC Prices. NASDAQ prices as of 4 p.m. New York time. Via The Associated Press.

Market data table for Friday's OTC prices, listing various stocks and their prices.

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SPORTS

Lakers Down Celtics To Lead Series, 2-0

By Roy S. Johnson
New York Times Service
INGLEWOOD, California — "Sweep! Sweep! Sweep!" The words became a rhythmic chant at the Forum Thursday night as the Los Angeles Lakers devastated the Boston Celtics for the second consecutive game in the National Basketball Association championship series.



Robert Parish goes up against Kareem Abdul-Jabbar.

Lendl, Wilander Advance to Final

United Press International
PARIS—Ivan Lendl of Czechoslovakia and Mats Wilander of Sweden scored straight-set victories Friday to reach the final of the French Open tennis championships.



Mats Wilander on his way to defeating Boris Becker.

SCOREBOARD

Baseball

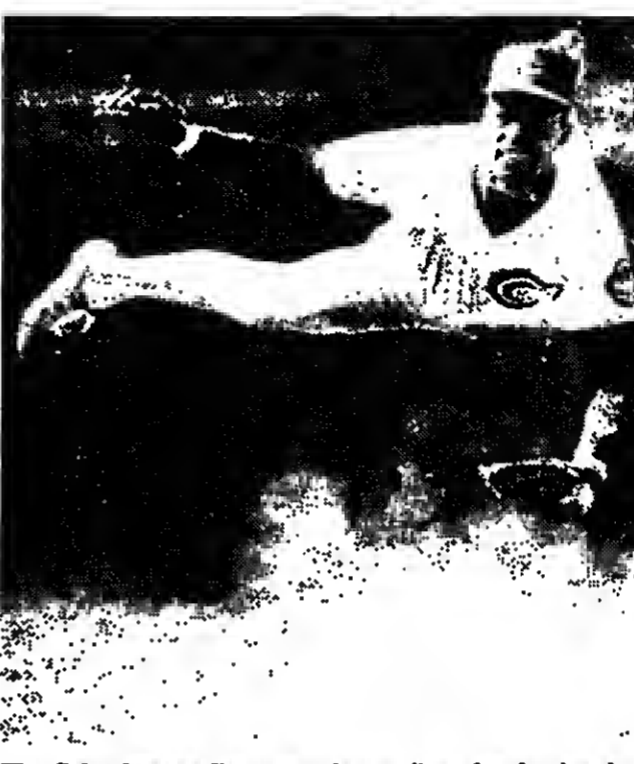
Table with Major League Standings and Thursday's Line Scores. Includes columns for Team, W, L, Pct., GB, and Runners.

Transition

BASEBALL
BALTIMORE—Rafael Torres, pitcher, to Houston of the Pacific Coast League...

Alysheba the Favorite In Bid For Triple Crown

By Steven Crist
New York Times Service
ELMONT, N.Y. — Alysheba was named out of his final workout Thursday morning, then drew post No. 4 in a field of 10 and was installed as the favorite to become racing's 12th Triple Crown winner by winning the Belmont Stakes Saturday.



The Cubs' Shawn Dunston relays to first after forcing the Cardinals' Curt Ford at second.

Cox, Clark Lead Cardinals to Victory

United Press International
CHICAGO — Danny Cox combined with Todd Worrell on a seven-hitter Thursday, leading the St. Louis Cardinals to a 3-1 victory over the Chicago Cubs.

The Return Of Gooden to Shea Stadium

By Joseph Durso
New York Times Service
NEW YORK — Like everybody else, the Mets didn't know what to expect when Dwight Gooden returned from drug therapy to take the mound Friday night in Shea Stadium before a sellout crowd and a wondering public.

A Good Race Ends Streak For Moses

The Associated Press
MADRID — It had been almost 10 years since Edwin Moses had lost a 400-meter hurdles event, but he said he wasn't upset at his losing race.

Escorts & Guides advertisement for International Classified. Includes contact info for USA & Worldwide, London, New York City, and Caprice-NY.

Escorts & Guides advertisement for International Classified. Includes contact info for Zurich-Nathalie, Geneva, and other locations.

Tennis

WOMEN'S DOUBLES
Steffi Graf, West Germany, and Gabriela Sabatini, Argentina, def. Jenny Byrne, Australia, and Kerry Renshaw, U.S., 4-1, 6-4.

